c1245-3

SERVICE SECTOR INDICATORS

Center for International Business Cycle Research
Columbia University Business School, New York, New York 10027 (212) 280-2916

Dr. Geoffrey H. Moore, Director

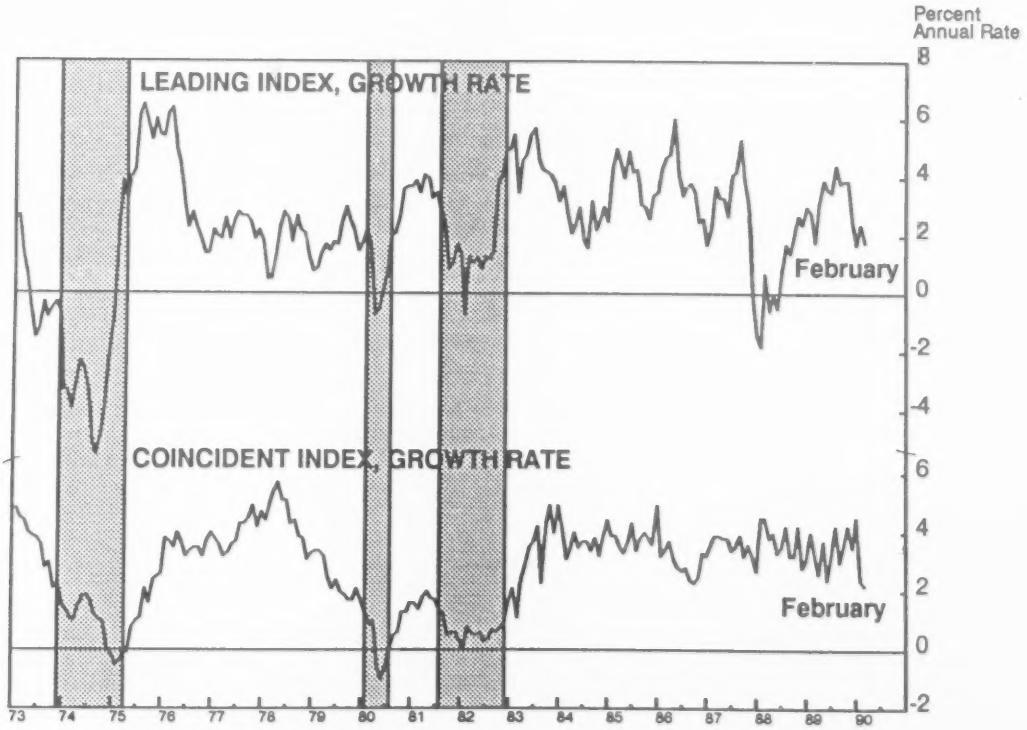
March 1990

SERVICES LEADING INDEX SAGS

The leading index of service sector activity, compiled by the Columbia Business School's Center for International Business Cycle Research, edged down in February, lowering its annualized growth rate from 2.4% in January to 1.8% for February. The decline was caused by big drops in construction contracts for commercial buildings and stock prices for services, offset in part by rises in the index of profit margins and the average workweek in the service sector.

The coincident index of service sector activity was up marginally, but at a lower annualized growth rate of 2.2%, down from 2.4% in January. The sluggishness was caused by a drop in services labor income, offset by rises in personal consumption expenditures and employee hours in services.

Given the continued weakness in manufacturing and the magnitude of the decline in the growth rate of the services leading index from its July high, a weaker economy seems to be in the cards.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index* (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1988:						
July	150.5	1.7	33.00	838	88.7	113.1
Aug.	150.3	1.4	32.76	864	87.9	114.2
Sept.	150.8	2.1	32.88	805	91.0	113.4
Oct.	151.3	2.7	32.96	768	94.3	112.5
Nov.	151.2	2.4	32.77	791	91.7	114.3
Dec.	151.9	3.0	32.91	801	92.9	113.8
1989:						
Jan.	152.1	2.8	32.95	871	95.2	111.6
Feb.	151.7	1.8	32.75	667	98.7	113.0
Mar.	153.0	3.1	32.81	781	98.5	114.6
Apr.	154.0	3.9	33.07	773	102.5	113.1
May	154.2	3.6	32.75	802	108.0	114.8
June	154.6	3.5	32.76	854	111.6	113.6
July	155.7	4.4	33.03	797	116.5	112.7
Aug.	155.7	3.8	32.72	742	121.9	114.8
Sept.	156.2	3.9	32.81	819	122.1	113.6
Oct.	156.7	3.9	32.95	795	122.6	113.0
Nov.	155.9	2.4	32.74	661	120.1	114.1
Dec.	155.7	1.7	32.73r	652	120.6	112.6r
1990:						
Jan.	156.6	2.4	32.69r	770	116.5	114.8r
Feb.	156.5	1.8	32.81	600	112.1	115.5

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1988:						
July	184.0	4.2	1874.7	1283.9	672.2	109.7
Aug.	183.7	3.2	1880.8	1291.4	667.4	108.9
Sept.	184.2	3.2	1886.1	1285.6	673.6r	109.2
Oct.	185.7r	4.2r	1891.4	1297.5	680.3	110.3
Nov.	184.9	2.8	1896.7	1292.6	672.6	110.0
Dec.	185.8	3.1r	1899.5	1295.5	678.5	110.8
1989:						
Jan.	187.2	4.0	1902.3	1297.1	693.2	111.5
Feb.	187.0	3.2	1905.1	1311.7	683.7	111.2
Mar.	186.8	2.6	1910.0	1311.2	679.9	111.2
Apr.	188.4	3.7	1915.0	1315.7	690.5	112.5
May	187.6r	2.4r	1919.9	1318.4	682.5r	111.5
June	188.9r	3.2r	1928.3	1322.9	692.4r	112.2
July	190.4	4.2	1936.6	1327.4	702.4	113.2
Aug.	189.7	3.0	1945.0	1334.2	692.2	112.2
Sept.	190.8	3.6	1954.5r	1337.7	699.8r	112.8
Oct.	192.0r	4.2r	1964.0r	1344.8r	705.1r	113.6
Nov.	191.8r	3.5r	1973.5r	1350.7r	698.2	113.4
Dec.	193.4r	4.5r	---	1361.2r	707.9r	113.9r
1990:						
Jan.	192.0r	2.4	---	1350.1r	693.9r	114.6
Feb.	192.2	2.2	---	1360.3	690.2	114.7

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.
Cols. 7, 8 and 11 are revised because of a revised seasonal adjustment in the deflator for Services Labor Income.
r = revised.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.
4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.
5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.
6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.
9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.
11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.
12. Bureau of Labor Statistics, all employees.

*©1990 Center for International Business Cycle Research (CIBCR)